BITCOIN IS NOT SOUND MONEY

THE DEFINITION OF SOUND MONEY

Gold remains the definitive standard for sound money, while Bitcoin fails to meet the necessary criteria for this designation. Historically, under a functional gold standard, commerce was conducted using minted coins that were easily recognizable as legitimate legal tender. This system provided a high level of security for the average person, as the authenticity of the currency could be verified simply by its appearance or by the distinct sound the coin made when dropped on a table.

THE AMERICAN OBSESSION WITH CRYPTOCURRENCY

There is a significant disparity in the global adoption of Bitcoin, with a heavy concentration of interest within the United States. American media and citizens appear disproportionately invested in the asset; currently, more than half of all Bitcoin owners worldwide reside in the U.S.. This focus has led to the creation of numerous cryptocurrency-related companies that may ultimately prove to be unproductive. If these ventures fail, the resulting economic collapse will have a far more adverse impact on the American economy than on other nations.

THE PRACTICAL BENEFITS OF TOKENIZATION

While the specific merits of Bitcoin are debated, the technology of tokenization offers practical benefits for physical assets like gold and silver. Tokenizing gold allows investors to maintain the safety of a physical asset while gaining the ability to store and trade it digitally within a wallet. Although much of the current activity in the digital space involves tokenizing dollars or stablecoins, tokenized gold is a superior alternative for those seeking a more secure form of value.

MARKET TRENDS IN SILVER AND BITCOIN

Silver currently presents a significant opportunity within the precious metals market. While there has been a history of short-selling in the silver market, recent covering of these positions suggests that prices are poised for a substantial increase, potentially reaching one hundred dollars per ounce by next year. In contrast, the Bitcoin market is characterized by a fragile and highly leveraged structure, which creates significant concentration risks for major corporate holders.

INSTITUTIONAL CUSTODY AND RISK MANAGEMENT

The role of traditional financial institutions in the digital asset space will likely focus on physical backing rather than speculative tokens. Banks and brokerage firms are well-positioned to custody tokenized gold for their clients, charging fees for the service and providing the ability to lend against the asset. Lending against gold is a relatively safe practice because the underlying metal can be liquidated to cover the debt if necessary. However, lending against Bitcoin poses a catastrophic risk to financial institutions, as the market could implode before a lender has the opportunity to sell the collateral to recover their funds.